

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6533

BILL NUMBER: HB 1101

NOTE PREPARED: Jan 30, 2008

BILL AMENDED: Jan 29, 2008

SUBJECT: Utility Receipts Tax.

FIRST AUTHOR: Rep. Crooks

FIRST SPONSOR: Sen. Steele

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill exempts water service provided by a town with a population of not more than 500 from the Utility Receipts Tax.

Effective Date: January 1, 2003 (retroactive).

Explanation of State Expenditures: Implementing the Utility Receipts Tax (URT) exemption provided in this bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the URT forms, procedures, and rules, as well as update computer software.

Explanation of State Revenues: (Revised) The estimated overall impact in FY 2008 could range from \$260,000 to \$320,000. This impact in FY 2008 is due to the January 1, 2003, effective date in the bill and assumes that all eligible towns will seek a refund of the URT for CY 2003 through CY 2007. The estimated decrease in URT collections thereafter is estimated to be between \$52,000 and \$64,000 per year. URT collections are deposited in the state General Fund.

Background: The URT rate is 1.4%. The tax is imposed on all domestic and foreign corporations' total gross receipts from all utility services consumed within Indiana regardless of the point of generation or transmission across state lines.

According to Census data from 2000, there are 154 towns in Indiana with a population of less than 500. The estimate above assumes that between 12,900 and 15,950 households would be affected with an estimated

average water bill of approximately \$24 per month (\$288 per year).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Mary Hollingsworth, Office of Water Management, Indiana Department of Environmental Management, 317-308-3331; 2000 U.S. Census Data; IURC 2007 Report to the Regulatory Flexibility Committee.

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